(b) if so, the criteria proposed to be adopted by SEBI for debarring bad promoters from the market; and

(c) the procedure that SEBI has for vetting prospects filed by the promoters for raising money from the capital market?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Securities and Exchange Board of India (SEBI) has been empowered to prohibit issue of securities by a company through prospectus through the SEBI (Amendment) Act 2002. SEBI is to frame the modalities for exercising the said authority which, *inter alia*, may include the criteria for prohibiting issue procedure and redressal mechanism for an aggrieved party.

(c) As of now, SEBI does not vet any prospectus. It works on the principle of full and fair disclosure so as to ensure an investor can take an informed investment decision. Whenever, an issuer company files any draft prospectus to SEBI through a registered Merchant Banker called Lead Manager, SEBI reviews the prospectus in light of SEBI (DIP) Guidelines, 2000; Companies Act, 1956 and all other applicable Law/Act/Rules/Regulations and give its observations/suggestions on the draft prospectus. The Lead Manager is required to address those observations/suggestions prior to filing the final prospectus to Registrar of Companies/Stock Exchanges and subsequent accessing the market. In addition to this, SEBI has also stipulated certain eligibility requirement for the companies intending to access the capital market.

Irregularities in Bhubaneshwar Stock Exchange

55. SHRI RAMACHANDRA KHUNTIA:
SHRI B.J. PANDA:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether certain irregularities have been detected in the Bhubaneshwar Stock Exchange, as reported in the Business Standard dated the 6th January, 2003, if so, the details thereof;

(b) whether same persons have been arrested in the matter, if so, the details thereof; and

(c) whether a new Administrator has been appointed by SEBI to protect the interests of the investors and an enquiry has been ordered in the case; if so, the terms and references of the enquiry committee and results thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) The Securities and Exchange Board of India (SEBI) has intimated that SEBI received several representations/complaints from Members of Parliament and SEBI Nominee Directors on the Council regarding siphoning of funds from the Bhubaneshwar Stock Exchange through the Bhubaneshwar Stock Exchange Members Welfare Trust (MWT) Fund to the tune of approximately Rs. 1.30 crore. Thereupon, SEBI ordered an inquiry and the inquiry officer found out that the members who availed the loan from the MWT have not repaid the amount of the loan amounting to Rs. 1.30 crore.

The MWT has been used by the office bearers of the exchange mainly to meet their pay-inliabilities. The office bearers of the exchange and the trustees of the MWT are the major beneficiaries of the loans granted by the MWT and in some cases the loans were granted without proper security.

Further, the exchange has failed to adopt the accounts for the years 2000-01 and 2001-02, indicating financial mismanagement. Accounts for the year 2001-02 are yet to be adopted.

(b) As informed to SEBI by the stock exchange the following persons have been arrested by the Orissa Crime Branch on September 06, 2002:- Shri Jay Sadany, Executive Director of Bhubaneshwar Stock Exchange, Shri Sanjay Mahapatra, Secretary of the exchange, Manoj Thacker, Former President of the exchange and Shri D. P. Singh, Former Treasurer of the exchange.

(c) Shri Jai Prakash Verma, IPS (Retd.), has been appointed as the administrator of the exchange. The administrator was appointed subsequent to the submission of the inquiry report and supersession of the council of management.

A committee was also formed consisting of the non-elected directors to enquire into the veracity of the complaints against the executive director of his alleged trading activities and non-compliance with procedures in granting loans from the Members Welfare Trust and to submit the findings. The final report is yet to be received.

Financial aid for Kanpur Irrigation Project

56. SHRI B.J. PANDA:
SHRI RAMACHANDRA KHUNTIA:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Orissa Government has approached Japanese Bank for International Cooperation for financial aid for their Kanpur Irrigation Project, as reported in the New Indian Express dated the 19th December, 2002;

(b) whether the State Government has also asked for aid from the above Bank for reclamation of degraded forests; and

(c) if so, the amount of aid for each of these projects and role played by the Centre for early sanction of the aid?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir. The Kanpur Irrigation Project of Government of Orissa was posed to Government of Japan for Japan Bank for International Cooperation (JBIC) funding under Financial Year 2002 loan package. The project was not selected by Government of Japan for funding under Financial Year 2002 loan package.

(b) A project named "Orissa Forestry Development Project" has been received from M/o Environment and Forests for JBIC assistance under Financial Year 2003 package.

(c) Government of India plays a proactive role in ensuring requisite standard of project preparation and in steering the projects through after posing them for funding by the external development aid agencies. The amount of aid can be ascertained only after the Government of Japan approves funding for any project.